Reagan and the Wonks

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I recently testified before the U.S. Senate on the issue of capital punishment, a topic on which I have done some empirical research. In addition to myself, there was another social scientist who had also done research on the topic, and two women whose daughters had been murdered. That is, there were witnesses who had empirically and scientifically studied the issue, and two individuals with personal experience with homicide. The stories told by both women were heartbreaking, but nonetheless one wonders exactly what sort of useful information those two people could provide on the issue of optimal policy with respect to murder.

This pattern is not unusual. Congressional hearings generally include witnesses who have some identifiable connection with the issue under study, even though they may have no particular expertise in analyzing the issue. Humans seem to find anecdotes and tales of identifiable individuals useful in discussing policy issues. Indeed, I began this column with an anecdote about myself in an attempt to catch the interest of readers. Overall, however, economists such as me are generally bad at using such evidence, which may be why we are generally not successful politicians (with some exceptions, such as Phil Gramm and Dick Armey). We are known as "wonks" or "bean counters," and individuals who deal in anecdotes are more successful as politicians. For example, lawyers, who may not understand empirical analysis, deal with cases involving individuals in their day-to-day professional lives. For this reason, they may be more successful in democratic politics.

Why do we observe this pattern of political decisionmaking? What are its implications?

NEIGHBORS AND NUMBERS To understand why humans pay so much attention to identifiable individuals and so little attention to data about masses of individuals, it is useful to consider the environment in which we and our decisionmaking methods evolved. For most of our history as humans and all of our history as prehumans, our ancestors lived in small groups—probably no more than 100 individuals. In such groups, everyone knew everyone else, at least by sight and reputation. More importantly, if something happened to a particular individual, this was by definition a high-probability event. That is, if a neighbor in a population of 100 was eaten by a saber-tooth tiger in a certain locale, then the risk of

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death from going to that locale was at least 1 percent, and it would have been wise to avoid that place.

On the other hand, we had no need to understand probabilistic events involving millions or even thousands of people, since no decision would have had any observable impact on such a conglomeration. We have absolutely no evolved intuition for understanding an event involving 1 million people. We can, of course, use empirical and statistical methods to analyze such events, but the understanding of that analysis is wholly intellectual, not intuitive.

This dependence on observation of individuals is what we bring to the political process. It explains why successful politicians (who must appeal to voters) rely more on stories about individuals than would seem rational to social scientists. This strategy is available to liberals and conservatives; Ronald Reagan was adept at using politically adroit anecdotes.

SEEN AND UNSEEN There are several implications for political decisionmaking from this understanding of our evolved decisionmaking tools. I discuss a few.

First, elections are themselves about identifiable individuals. We pay excessive attention to the personality of a politician. Most of us will never meet the president, and will have no more than a passing acquaintance with our senators or congressmen. Nonetheless, we are concerned with aspects of their character (are they haughty and aloof or friendly, do we enjoy listening to their speeches) that are irrelevant for making important political decisions. In a society of 100 people, we would all know the chief and so these aspects of personality would have been relevant. It is even true that in presidential elections the tallest candidate generally wins, even though it is unlikely that our fate will depend on the president's prowess with a club or spear, where height would have mattered.

Second, it is a truism to say that the political process pays attention to concentrated groups. While there are many reasons for this, one part of the explanation is that members of concentrated groups are identifiable. We can see the steelworker who loses his job; we cannot see the extra nickel that each of 10 million consumers saves on a product that is cheaper because of the cheaper imported steel. The sub-discipline of public choice in economics and political science has stressed the ability of concentrated groups to generate support, but cannot explain which concentrated groups are likely to be successful. One explanation may be that groups that are better able to point to identifiable individuals as beneficiaries of policies are in a better political position.
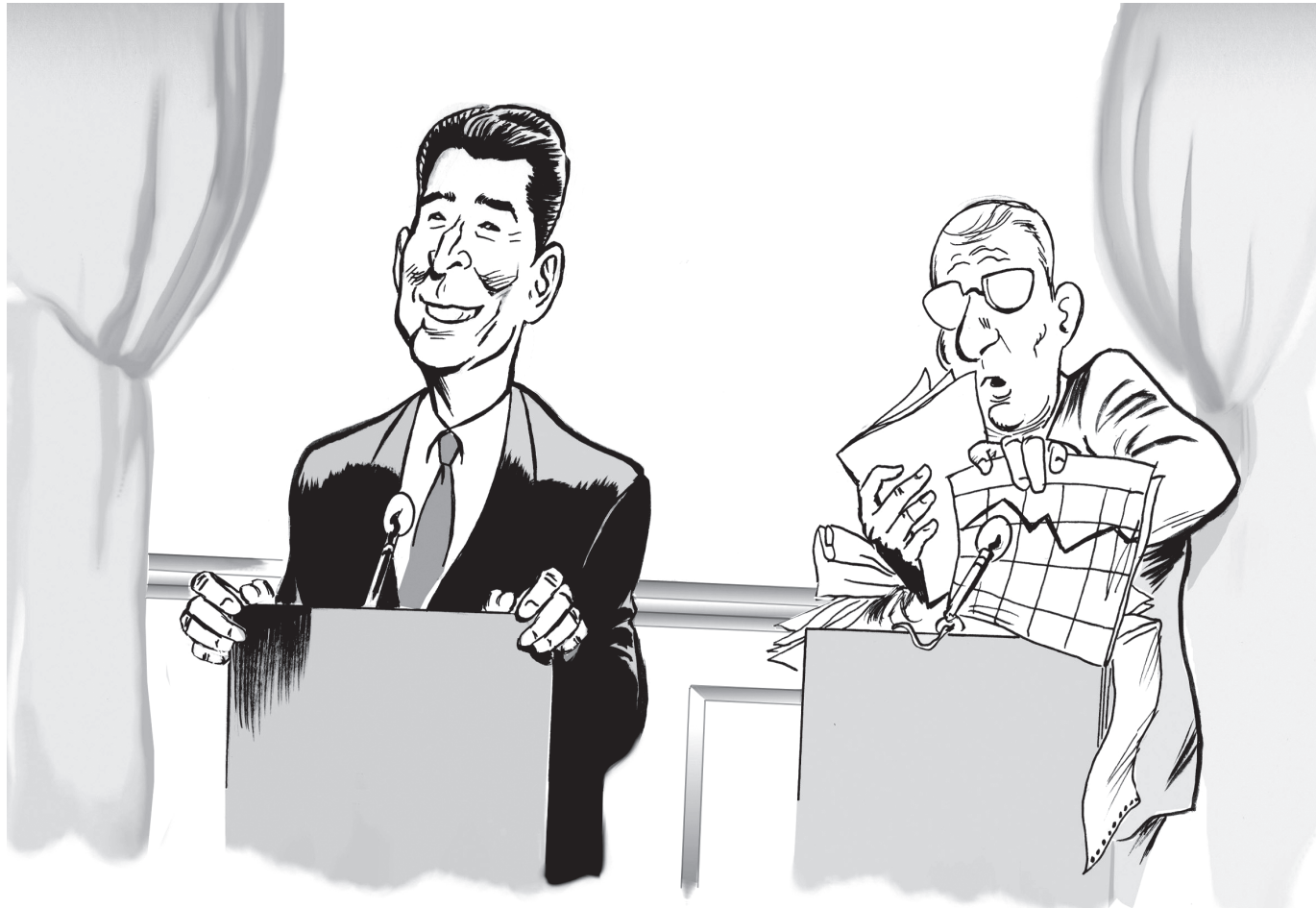
Third, the process works for losses as well as gains. Those who study the Food and Drug Administration as a decisionmaking body are impressed with its conservatism and unwillingness to approve new drugs. It is generally agreed that this agency kills at least several thousand people each year by failing to approve drugs that would be useful. But again, there is an asymmetry between gainers and losers. In most cases, those who would gain from the approval of a new drug would gain only in a probabilistic sense. A new drug may lower my risk of a heart attack, or may help me if I should happen to contract some disease in the future, but these are uncertain outcomes for any individual. On the other hand, if the drug has some fatal side effect, then we can immediately observe the victim. The FDA and other safety regulatory agencies are in the business of trading off small probabilistic benefits to millions against large observable harms to a few people. However, the victims are identifiable, and our decisionmaking mechanisms are better at measuring the observed losses that the unobserved but larger potential gains.

As a final implication, we may pay too much attention to certain news stories. As an example, consider the 1999 Columbine High School shootings. This was a horrid event, but also a very low-probability event. The rate of crime involving youths was actually falling at the time of this tragedy. Nonetheless, because news stories brought this event to our attention, school boards all over the country began adopting fairly nonsensical "zero tolerance" policies with respect to many behaviors of students. The point is that we are able to learn about events that are extremely rare, but our innate decisionmaking mechanisms process these occurrences as if they were likely events because we evolved in an environment where if our ancestors did learn of an event, it was a high-probability event.

OVERCOMING THE BIAS The biases identified here are deep. Indeed, they are so much a part of our normal decisionmaking process that we do not even notice them. Nonetheless, they are biases and they do lead in many cases to improper decisions. Because they are so deep, policies to counteract them are difficult to devise. Because they are common to all voters, politicians must adapt to or share these biases in order to be elected.

More formal cost-benefit analysis of political decisions is one partial antidote to these biases. Probably another would be to increasingly teach probability and statistics to high school students so that they could perhaps identify and overcome some of their biases.

In devising policies, decisionmakers must be aware of these biases and try to adjust to them. An important remedy would be to devise ways of expressing policies in terms that will resonate with the decisionmaking processes of voters. Ronald Reagan was a master at advocating free-market policies using rhetoric that reflected the biases of voters, and others should be able to learn from his methods.   **R**